

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2009-164-C

In Re:)	
Application of iNetworks Group, Inc.)	
for a Certificate of Service to Provide)	SETTLEMENT AGREEMENT
Basis Resold and Interexchange)	
Telecommunications Services in the)	
State of South Carolina)	

This Settlement Agreement (“Settlement Agreement”) is made by and among the Office of Regulatory Staff (“ORS”) and iNetworks Group, Inc. (“iNetworks Group” or “the Company”) (collectively referred to as the “Parties” or sometimes individually as “Party”);

WHEREAS, on April 13, 2009, iNetworks Group filed its Application requesting (i) a Certificate of Service be granted authorizing iNetworks Group to provide basis resold and interexchange telecommunications services throughout the State of South Carolina, pursuant to S.C. Code Ann. §58-9-280(B), as amended, and Section 253 of the Telecommunications Act of 1996; (ii) alternative regulation of its interexchange services, consistent with Order Nos. 95-1734 and 96-55 in Docket 95-661-C as modified by Order No. 2001-997 in Docket No, 200-407-C; (iii) for waiver of certain Commission Regulations, specifically Regulation 103-610 regarding location of records, and 103-612.2.3 for operating maps and 103-631 concerning publishing and distributing local exchange directories, and (vi) a waiver of any requirement to maintain financial records in conformance with the Uniform System of Accounts (“USOA”);

WHEREAS on April 20, 2009, the Commission issued a Notice of Filing and Hearing and established a return date of June 1, 2008, for the filing of letters of protest or petitions to

intervene and established a hearing date of July 21, 2009, for the application to be heard before a hearing examiner;

WHEREAS, on May 21, 2009, the South Carolina Telephone Coalition (“SCTC”) filed a Petition to Intervene in this docket;

WHEREAS, on June 24, 2009, the South Carolina Telephone Coalition (“SCTC”) requested to be removed as an intervenor in this docket;

WHEREAS, on June 7, 2009, the Company filed the direct testimony of Raymond L. Crowley with the Commission;

WHEREAS, on April 13, 2009, the Commission issued its Order No. 2009-268 by which the Commission appointed Randall Dong, Esquire as the Hearing Examiner in this matter;

WHEREAS, the purpose of this proceeding is to review the application filed by iNetworks Group and its requests (i) for a Certificate of Service to provide basis resold local exchange and interexchange telecommunications services within the State of South Carolina; (ii) for alternative regulation of its interexchange services (iii) for flexible regulation for its local exchange telecommunications services; (vi) waiver of certain regulations of the Public Service Commission of South Carolina (“Commission”), specifically Regulation 103-610 regarding location of records, Regulation 103-631 concerning publishing and distributing local exchange directories; and (v) a waiver of any requirement to maintain financial records in conformance with the Uniform System of Accounts (“USOA”);

WHEREAS, since the filing of the notice, ORS has conducted a review of the technical, managerial, and financial expertise of iNetworks Group to provide the services requested in the Application;

WHEREAS, ORS has reviewed the Application and the financial data provided by iNetworks Group, and ORS has calculated certain performance ratios based upon information provided by the iNetworks Group;

WHEREAS, ORS has investigated the services to be offered by iNetworks Group and its intended customer service plans;

WHEREAS, ORS has reviewed the proposed tariffs submitted by iNetworks Group;

WHEREAS, as a result of its investigations, ORS has determined (a) iNetworks Group intends to offer basis resold local exchange, interexchange, dedicated point-to point private line service and dedicated Internet access to business customers only; (b) the officers of iNetworks Group possess sufficient technical and managerial abilities to adequately provide the services applied for; (c) based upon the information provided and the analysis performed, iNetworks Group appears to have access to sufficient financial resources necessary to provide the services proposed in its application; (d) iNetworks Group's proposed tariffs with the amendments as agreed to in this Settlement Agreement comply with Commission statutes and regulations; (e) the provision of services by iNetworks Group will not adversely impact the availability of affordable telecommunications services; (f) to the extent it is required to do so by the Commission, iNetworks Group will participate in the support of universally available telephone service at affordable rates; and (g) the provision of local exchange and interexchange services by iNetworks Group will not adversely impact the public interest;

WHEREAS, to ensure compliance with the Commission's statutes and regulations, the Parties have agreed to the following comprehensive settlement of all issues in this docket;

WHEREFORE, in the spirit of compromise, the Parties hereby stipulate and agree to the following terms and conditions:

1) The Parties agree that iNetworks Group's Application and exhibits to the Application are incorporated into this Settlement Agreement and made a part hereof;

2) The Parties agree to stipulate into the record before the Commission this Settlement Agreement. The Parties also agree to stipulate to the filed testimony of the Company's witness Raymond L. Crowley without cross-examination by ORS.

3) iNetworks Group has submitted financial data, which was provided as Exhibit D to iNetworks Group's Application;

4) The Company has requested a waiver of 26 S.C. Code Ann. Regs. 103-610 concerning the location of books and records. However, S.C. Code Ann. §58-9-380 (Supp. 2008) provides that:

Each telephone utility shall have an office in one of the counties of this State in which its property or some part thereof is located and shall keep in such office all such books, accounts, papers and records as shall reasonably be required by the Office of Regulatory Staff. No books, accounts, papers or records required by the ORS to be kept within the State shall be removed at any time from the State except upon such conditions as may be prescribed by the Office of Regulatory Staff.

ORS is agreeable to allowing the Company to maintain its books and records outside of the State of South Carolina in exchange for the Company agreeing to provide access to its books and records. ORS is agreeable to the Company maintaining its books and records at its principal offices in the State of Illinois, and the Company agrees to notify the ORS of any change in the location of the principal office or in the location where the books and records are maintained. This provision of the Settlement Agreement shall not be construed as a waiver by ORS of S.C. Code Ann. § 58-4-55 (Supp. 2008) or § 58-9-1070 (Supp. 2008). ORS expressly reserves its rights to require the production of books, records and other information located within or outside

of the State of South Carolina in order to carry out its duties and compliance with any state or federal regulation;

5) ORS does not oppose iNetworks' request for waiver of 26 S.C. Code Ann. Regulation 103-631 which requires the publication and distribution of directories, and iNetworks agrees to make arrangements with publishers of local directories in South Carolina to include the names and telephone numbers of iNetworks' subscribers and customers in local directories, unless a subscriber indicates his/her desire for an unpublished telephone number;

6) The Company has requested a waiver of any rule or regulation that might require a carrier to maintain its financial records in conformance with the Uniform System of Accounts ("USOA"). The Company acknowledges that S.C. Code Ann. § 58-9-340 (Supp. 2008) provides that the ORS may, in its discretion and subject to the approval of the Commission, prescribe systems of accounts to be kept by telephone utilities subject to the commission's jurisdiction and that the ORS may prescribe the manner in which the accounts shall be kept and may require every telephone utility to keep its books, papers, and records accurately and faithfully according to the system of accounts as prescribed by the ORS. The Company agrees to keep its books, papers, and records in such a manner that permits ORS to audit revenues and expenses associated with its South Carolina operations for compliance with programs such as but not limited to the Universal Service Fund ("USF"), the Interim LEC Fund, dual party relay service fund, and gross receipts. The Company agrees to complete the reporting forms for such programs as but not limited to USF, dual party relay service fund, Interim LEC, and gross receipts as may be required by the ORS of telecommunications companies certificated to operate within South Carolina and as the reporting forms may be amended from time to time;

7) Given the Company's request to provide statewide service, ORS does not oppose the Company's request for waiver of 26 S.C. Code Ann. Regs. 103-612.2.3 which requires the filing of operating maps. However, should the Company establish local exchange service areas which differ from those of the incumbent local exchange carriers, the Company agrees it will notify the Commission and ORS of the change and file updated service maps;

8) ORS does not oppose iNetworks Group's requests for alternative regulation of its interexchange service offerings consistent with the procedures described and set forth in Orders 95-1734 and 96-55 in Docket No. 95-661-C as modified by Order No. 2001-997 in Docket No. 2000-407-C, specifically (i) regulation of these services listed above in the same manner as these services are regulated of AT&T Communications of the Southern States, Inc., (ii) removal of the maximum rate tariff requirements for iNetworks Group's business services, private line, and customer network-type offerings, except in instances governed by Order No. 2001-997 which reinstituted maximum rates for surcharges and rates associated with certain intrastate operator-assisted calls; (iii) presumptively valid tariff filings for these interexchange services unless an investigation of a particular filing is instituted within seven (7) days, in which case the tariff filing will be suspended until resolution of the investigation or until further order of the Commission; and (iv) grant iNetworks Group the same treatment as AT&T Communications of the Southern States, Inc. in connection with any future relaxation of reporting requirements;

9) iNetworks Group agrees to resell the services only of those local exchange providers or interexchange carriers authorized to do business in South Carolina by the Commission;

10) ORS does not oppose iNetwork's requests (a) for flexible regulation for its local telecommunications service offerings consistent with Order No. 98-165 in Docket No. 97-467-C,

such flexible regulation including specifically (i) adoption of a competitive rate structure incorporating maximum rate levels with the flexibility for rate adjustment below the maximum rate levels and (ii) presumptively valid tariff filings upon filing subject to an investigation of such tariff filing being instituted within thirty (30) days and (b) for alternative regulation of its interexchange service offerings consistent with the procedures described and set forth in Orders 95-1734 and 96-55 in Docket No. 96-661-C as modified by Order No. 2001-997 in Docket No. 2000-407-C, specifically (i) regulation of these services listed above in the same manner as these services are regulated of AT&T Communications of the Southern States, Inc., (ii) removal of the maximum rate tariff requirements for iNetworks' business services, private line, and customer network-type offerings, except in instances governed by Order No. 2001-997 which reinstituted maximum rates for surcharges and rates associated with certain intrastate operator-assisted calls; (iii) presumptively valid tariff filings for these interexchange services unless an investigation of a particular filing is instituted within seven (7) days, in which case the tariff filing will be suspended until resolution of the investigation or until further order of the Commission; and (iv) grant iNetworks the same treatment as AT&T Communications of the Southern States, Inc. in connection with any future relaxation of reporting requirements;

11) iNetworks Group agrees that it will allow an end-user of resold services to access an alternative interexchange carrier or operator service provider if the end-user expresses such a desire;

12) iNetworks Group agrees to file necessary financial information as directed by the Commission or ORS for universal service fund reporting, dual party relay service fund reporting, interim LEC fund reporting, annual reporting, gross receipts reporting, and/or any other reporting which may now or in the future be applicable to telecommunications providers such as

iNetworks Group. The Parties agree that such reports shall be filed pursuant to ORS' instructions and monies shall be remitted in accordance with the directions of the ORS and/or the Commission.

13) iNetworks Group agrees to maintain its books and records in a manner that would permit ORS to examine any of iNetworks Group's reports filed with the Commission and provided to ORS.

14) iNetworks Group agrees to file with the Commission and ORS a completed authorized utility representative forms within thirty (30) days of the Commission's order.

15) In the event that iNetworks Group offers prepaid calling card services in the future, iNetworks Group agrees that it shall obtain Commission approval and post a surety bond in the amount of \$5,000 as required by the Commission;

16) iNetworks Group agrees to comply with South Carolina Regulation 103-697 in that they will obtain a bond, irrevocable letter of credit, or certificate of deposit per the Commission's request.

17) iNetworks Group agrees to comply with the verification regulations governing change of preferred carriers as established by the Federal Communications Commission ("FCC"). iNetworks Group agrees to comply with the marketing practices and guidelines established by the Commission in Order No. 95-658;

18) iNetworks Group agrees to comply with South Carolina Code Section § 58-9-300 entitled "Abandonment of Service." Additionally, to the extent applicable, iNetworks Group agrees to adhere to the FCC's rule 47 C.F.R. § 64.1190 and 64.1130 regarding preferred carrier freezes and the requirement that the form of the written authorization for the institution of the freeze be a separate or easily separable document. Prior to abandonment of service, iNetworks

Group shall remove any preferred carrier freeze so as to enable consumers to seamlessly transfer their telephone numbers to another provider;

19) To the extent necessary, iNetworks Group agrees to engage in good faith negotiations with non-BellSouth incumbent local exchange carriers whose networks interconnect with BellSouth at the same local tandem regarding traffic exchange;

20) It is understood and agreed that iNetworks Group will not initially offer or provide any service that would implicate Title 23, Chapter 47 of the South Carolina Code Annotated regarding “Public Safety Communications Centers,” but in the event that iNetworks Group in the future offers or provides a service to which Title 23, Chapter 47 of the South Carolina Code regarding “Public Safety Communications Centers,” also known as 911 services, iNetworks Group agrees to comply with Title 23, Chapter 47 of the South Carolina Code Annotated, which governs the establishment and implementation of a “Public Safety Communications Center,” also known as 911 services.” At that time, iNetworks Group agrees to contact the appropriate authorities regarding 911 services in the counties and cities where iNetworks Group will be operating prior to initiating local service in South Carolina and shall provide the 911 coordinator in each county and/or city with information regarding iNetworks Group’s operations.

21) iNetworks Group agrees to comply with all rules and regulations of the Commission unless the Commission has expressly waived such rule or regulation;

22) iNetworks Group agrees to file a final revised tariff with both the ORS and the Commission and the revised tariff shall reflect and be in accordance with ORS’ recommendations.

23) ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10 (B). S.C. Code § 58-4-10(B)(1) through (3) read in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes the Settlement Agreement reached among the Parties serves the public interest as defined above;

24) The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of all issues in the above-captioned proceeding and that the Commission take no action inconsistent with its adoption. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.

25) The Parties agree that signing this Settlement Agreement will not constrain, inhibit, impair or prejudice their arguments or positions held in other collateral proceedings, nor will it constitute a precedent or evidence of acceptable practice in future proceedings. If the Commission declines to approve the Settlement Agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement in its entirety without penalty or obligation.

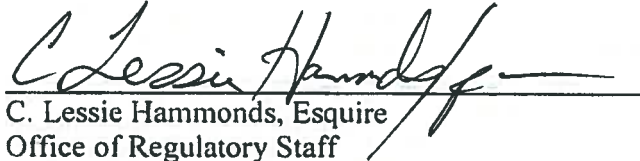
26) This Settlement Agreement shall be interpreted according to South Carolina law.

27) The Parties represent that the terms of this Settlement Agreement are based upon full and accurate information known as of the date this Settlement Agreement is executed. If, after execution, either Party is made aware of information that conflicts, nullifies, or is otherwise materially different than that information upon which this Settlement Agreement is based, either Party may withdraw from the Settlement Agreement with written notice to the other Party.

28) The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and email signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the original signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

WE AGREE:

Representing the Office of Regulatory Staff



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WE AGREE:

7/15/09
Date

Representing iNetworks Group, Inc.



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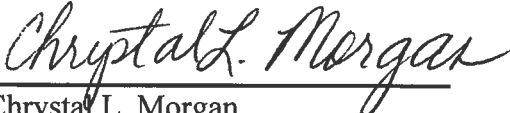
July 14, 2009
Date

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2009-164-C

IN RE: Application of iNetworks Group, Incorporated for
 a Certificate of Public Convenience for Authority)
 to Provide Basis Resold Local and Interexchange) **CERTIFICATE OF**
 Telecommunications Services in the State of) **SERVICE**
 South Carolina, and for Alternative Regulation)

This is to certify that I, Chrystal L. Morgan, have this date served one (1) copy of the **SETTLEMENT AGREEMENT** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

Scott Elliott, Esquire
Elliott & Elliott, P.A.
721 Olive Street
Columbia, SC, 29205



Chrystal L. Morgan

July 15, 2009
Columbia, South Carolina